

Neighborhood Associations: Establishing and Running an Effective Organization

*Cassie R. Craze
P.O. Box 1654
Midlothian, VA 23113*

*804.441.2228
cassie@crazelaw.com*

www.crazelaw.com

Where Is Your Neighborhood Now?

- Covenants applicable to lots?
- Existing HOA or similar organization?
 - *Mandatory*
 - *Voluntary*
- Not sure?



Where Do You Want To Be?

- Enforceable covenants?

- Association?

- *With authority to enforce covenants?*

- *With authority to require payment of assessments?*

- *Social/civic association?*



Starting from Scratch

○ Creating a Voluntary/Civic Association

○ *Easiest option*

○ *Determine level of support in community*

○ *Will anyone participate? Contribute?*

○ *Set up non-stock corporation*

○ *Articles of Incorporation and Bylaws*

○ *Talk to accountant about tax status*

○ *501(c)(4), 501(c)(7), IRC 528*

○ *But cannot require lot owners to join or pay assessments*



Starting from Scratch

- Creating a Mandatory Association or Establishing Covenants

- *Much More Difficult*

- *Each lot owner must agree to bind his/her lot*
 - *Develop covenants and get owners to sign to agree to bind lot*
 - *Record in land records*
 - *Incorporate/determine tax status*
 - *If lot owner does not sign, lot not bound*



Modifying Existing Covenants To Create Mandatory Association

- Original Covenants Don't Mention Association OR Association Not Given Mandatory Assessment or Enforcement Authority
 - *May still need each lot owner to agree for lot to be bound*
 - *Case law varies re: requirements*
 - *Amendment to original covenants, record in land records*
 - *Incorporate/determine Tax Status*
 - *Probably only necessary if not previously existing*
 - *If existing, may need to amend Articles of Incorporation and Bylaws*



Issues To Be Aware Of:

- Covenants can expire
 - *If covenants have expired, then you are starting from scratch*
- Even if no association, other owners can usually enforce covenants
- Mandatory associations are more regulated
 - *POA Act and other laws/regulations*
 - *CICB Registration*
- Law is still developing



QUESTIONS?



Cassie R. Craze

804.441.2228

cassie@crazelaw.com